

Summary

of Taiwan's Economic Situation

In July 2014, the Taiwan Business Indicators showed that the domestic economy continued its steady growth. Among the indicators compiled by the National Development Council, the trend-adjusted leading index decreased by 0.12%, the trend-adjusted coincident index increased by 0.27% from the previous month, and the overall monitoring indicator flashed the "green" signal for the sixth consecutive month.

In the same month, Taiwan's exports and imports expanded by 5.8% and 9.5%, respectively, on July, 2013. Moreover, the annual growth rate of export orders and industrial production index were 5.7% and 6.1%, respectively. The annual change of CPI, compared with the same month of last year, rose 1.75%, mainly because the price of food climbed 4.27%. Compared with the previous month, the unemployment rate rose by 0.10 percentage points to 4.02% in July. On the financial side, the month's M2 monetary aggregate grew by 5.63%, and the stock price index averaged 9,474 points.

The global economy seems set for a moderate pace of recovery, but concerns about issues such as the trends of U.S. interest rates, Eurozone deflation and high unemployment rate, Mainland China's economic policy direction in the second half year of 2014, Japan's sales-tax increase, and the geopolitical risks of the situation in the Middle East and Ukrainemay weigh on global economic trends, and even influence Taiwan's exports.

	Historical Data				Data for recent months			
	2010	2011	2012	2013	May	Jun.	Jul.	Jan.-Jul.
% change on previous year								
GDP	10.76	4.19	1.48	2.09	-	3.74 ^a	-	-
CPI	0.96	1.42	1.93	0.79	1.62	1.64	1.75	1.29
Exports	34.8	12.3	-2.3	1.4	1.4	1.2	5.8	2.5
Imports	44.1	12.0	-3.9	-0.2	-2.3	7.5	9.5	2.2
Export orders	26.1	7.2	1.1	0.4	4.7	10.6	5.7	5.5
Industrial production index	24.2	4.4	-0.3	0.7	5.4	8.6	6.1	4.7
Monetary aggregate(M2 ^b)	4.53	5.84	4.18	4.78	5.91	5.74	5.63	5.86
Unemployment rate(%)	5.21	4.39	4.24	4.18	3.85	3.92	4.02	3.98
TWSE Stock Index ^c	7,950	8,156	7,481	8,093	8,936	9,229	9,474	8,819

Note : ^a Q2 Preliminary Estimation.

^b Daily Average.

^c Monthly Average TAIEX.

Sources : The Central Bank of China(CBC), Financial Supervisory Commission(FSC), Directorate-General of Budget, Accounting and Statistic(DGBAS).